

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CAB-05 CIAE-00 DOTE-00 EB-08 INR-07

NSAE-00 FAA-00 PM-05 ACDA-10 AID-05 IGA-02 L-03

MC-02 NSC-05 SS-15 OMB-01 TRSE-00 /081 W

-----103629 200334Z /70

R 191704Z AUG 77

FM AMEMBASSY BRUSSELS

TO OASD/ISA WASHDC

DSAA WASHDC

INFO SECSTATE WASHDC 1437

USDOC WASHDC

USCINCEUR VAIHINGEN GER

CINCUSAFE RAMSTEIN AB GER

HQUSAF WASHDC

UNCLAS BRUSSELS 10264

OASD/ISA FOR EUR. CINCEUR FOR ECJ4/7. FROM ODC

EO 11652: N/A

TAGS: EAID, MILI, BE, GER

SUBJ: C-130 OVERHAUL BY SABENA - ECONOMIC OFFSET POTENTIAL

1. AN OFFICIAL OF SABENA, BELGIAN GOVERNMENT OWNED AIR-
LINE AND AIRCRAFT INDUSTRY GROUP, CONTACTED THIS OFFICE
(FOLLOWING A REQUEST BY THE MOD'S OFFICE TO MEET WITH
SABENA), TO SOLICIT ASSISTANCE IN SECURING C-130 OVERHAUL
WORK FOR THEIR FACILITY AT ZAVENTEM AIRPORT IN BRUSSELS.

2. SABENA IS CURRENTLY PERFORMING ALL MAJOR OVERHAUL WORK
ON BELGIAN-PURCHASED C-130 AIRCRAFT AND ENGINES. CURRENT
OVERHAUL SCHEDULE OF BELGIAN AIRCRAFT WILL RESULT IN A
BREAK IN THEIR OVERHAUL WORKLOAD OF ONE YEAR, CAUSING
NOTABLE TURBULENCE IN THEIR WORK FORCE. SABENA IS ATTEMPT-
ING TO ACQUIRE AT LEAST 5 C-130 AIRFRAMES TO OVERHAUL, TO
FILL THE LINE DURING A ONE-YEAR GAP STARTING IN EARLY 1978.

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3. THIS ISSUE HAS ALSO BEEN RAISED DIRECTLY WITH LOCKHEED
AIRCRAFT CORPORATION BY MR. FRANCOIS HERMAN (ECONOMIC
MINISTER AT THE TIME) ON 12 JANUARY 1977 AND AGAIN ON 8
AUGUST 1977 BY MINISTER WILLY CLAES (PRESENT MINISTER OF
ECONOMIC AFFAIRS). NO ANSWER RECEIVED BY SABENA TO DATE.

4. WHEN LOCKHEED SOLD THE ORIGINAL 12 C-130'S TO BELGIUM THEY ENTERED INTO A COMPANY-TO-GOVERNMENT AGREEMENT WHICH CALLED FOR THE PLACEMENT OF SOME \$27 MILLION WORTH OF COMPENSATING BUSINESS IN BELGIUM, AS AN OFFSET TO THE PURCHASE OF THE C-130'S. AS OF THIS DATE, LOCKHEED HAS FULFILLED LESS THAN \$5 MILLION OF THIS REQUIREMENT. THE PURPOSE AS STATED BY SABENA FOR RAISING THIS ISSUE WITH THE US GOVERNMENT IS TO:

A. SOLICIT OUR HELP IN MOVING LOCKHEED TOWARDS A MORE ACTIVE PROGRAM IN REGARD TO THEIR COMPENSATION REQUIREMENT.

B. DETERMINE WHETHER THERE ARE OTHER NATIONS WITHIN THE AFRICA/MIDDLE EAST/EUROPE REGION WHO HAVE PURCHASED C-130 AIRCRAFT FROM EITHER LOCKHEED OR UNDER FMS, WHO MAY HAVE A REQUIREMENT FOR IRAN OR OTHER OVERHAUL OF EITHER AIRFRAME AND/OR ENGINES; AND TO ASK US GOVERNMENT HELP IN SECURING ANY POTENTIAL OVERHAUL WORK.

C. DETERMINE WHETHER USAF WOULD BE INTERESTED IN USING SABENA'S FACILITIES. IN THIS LATTER REGARD SABENA INDICATES THAT THIS WORK WOULD BE PERFORMED AT MARGINAL COST AND AT A LOSS ON A FULL COST BASIS IN ORDER TO MAINTAIN THE LINE. CONSEQUENTLY, THEY MAY NOW BE COMPETITIVE WITH OTHER USAF OVERHAUL CONTRACTORS. SABENA RECOGNIZES THAT THEY WERE NOT COMPETITIVE THE LAST TIME THEY BID ON USAF WORK.

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5. THE OFFICIAL OF SABENA INDICATED THAT THEY HAVE CHOSEN TO RAISE THIS ISSUE FIRST WITH OUR OFFICE, PRIOR TO REQUESTING A DEMARCHE BY THE MINISTER OF TRANSPORTATION OR MINISTER OF FOREIGN AFFAIRS DIRECTLY TO THE AMBASSADOR, OR TO THE DEPARTMENT OF STATE.

6. SABENA HAS INDICATED THAT IF THEY RECEIVE THE SUPPORT OF LOCKHEED (AGREGATION TECHNICAL SUPPLY AND PROMOTION), THE BELGIAN MINISTRY OF ECONOMIC AFFAIRS WILL RECOGNIZE AS ECONOMIC OFFSET ANY OVERHAUL WORK PERFORMED BY SABENA ON THIRD PARTY C-130/L-100 AIRCRAFT.

7. AN INTERIM REPLY BY SEPTEMBER TO ANY OR ALL OF THE ISSUES POSED ABOVE WOULD HELP IN KEEPING THIS ISSUE AT ITS CURRENT LEVEL, RATHER THAN RAISING IT WITH US AT THE MINISTERIAL LEVEL IN THE BELGIAN GOVERNMENT. CHAMBERS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, COMMERCIAL AIRCRAFT, SPARE PARTS
Control Number: n/a
Copy: SINGLE
Sent Date: 19-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Format: TEL
From: BRUSSELS
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770845/aaaablyp.tel
Line Count: 111
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 55260358-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 24-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1553435
Secure: OPEN
Status: NATIVE
Subject: C-130 OVERHAUL BY SABENA - ECONOMIC OFFSET POTENTIAL
TAGS: EAID, MILI, EAIR, BE, SABENA
To: OASD ISA DSAA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/55260358-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009